

PURCHASE AGREEMENT

This Purchase Agreement ("Agreement") is made this 26th day of May, 2005, by and between Annapolis Broadcasting Company, Inc. ("Seller"), a Virginia corporation, and DC Broadcasting Company, Inc., a Colorado corporation (to be formed) ("Buyer").

WHEREAS, Seller holds licenses and construction permits ("Authorizations") issued by the Federal Communications Commission ("FCC"), detailed below, for low power television stations WWTD-LP and W61BY, licensed to Annapolis, Maryland ("Stations"); and

WHEREAS, Buyer desires and agrees to acquire the Authorizations Seller, and Seller desires and agrees to assign the Authorizations to Buyer, pursuant to the terms and conditions contained in this Agreement; and

WHEREAS, the prior written consent of the FCC must be requested and obtained before the Authorizations may be assigned to Buyer;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein exchanged, and for other good and valuable consideration, the parties agree as follows:

1. Agreement to Sell and Buy.

a. Subject to the terms and conditions set forth in this Agreement, Seller hereby agrees to assign, transfer and deliver the Authorizations to Buyer on the Closing Date, free and clear of any claims, liabilities, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever. Buyer agrees to acquire the Authorizations, on the Closing Date.

b. Seller will also assign to Buyer any right it has to use both existing and proposed transmitter sites specified in the Authorizations. The site leases to be assigned are set forth in Schedule 1(b) hereto. Buyer will not be obligated to assume any other lease or contract of Seller not listed in Schedule 1(b). Buyer will have no right to any account receivable of Seller or any asset of Seller not specifically provided for herein.

c. Buyer will sell and deliver to Buyer any and all personal property held primarily for use by the Stations, without warranting the amount or condition of such property, which shall be conveyed free of liens and encumbrances but otherwise conveyed and delivered "as is, where is."

d. Buyer will at the closing assume the liabilities of Seller listed in Schedule 1(c) hereto but no other liabilities of Seller.

e. Not later than immediately prior to the Closing hereunder, J. Christopher Blair ("Blair"), a shareholder of Buyer, will sell, convey, and deliver to Seller all of Blair's right, title, and interest in his shares of stock of Seller; and Blair will simultaneously resign any

corporate office or directorship of Seller. Kelly will pay Blair the sum of Ten Dollars (\$10.00), in cash or by check, for Blair's shares of stock in Seller.

2. Purchase Price. As consideration for the assignment and transfer of the Authorizations, Buyer will pay Seller the sum of Ten Dollars (\$10.00 at closing) plus assumption of the liabilities listed in Schedule 1(c). In addition, the Purchase Price will be increased and paid by Buyer to Seller based on the performance and/or future sale of the Stations as follows:

a. At such time as either or both of the Stations are sold to an unaffiliated party (defined as a person or legal entity in which J. Christopher Blair owns less than a majority of either equity or voting control, the proceeds of such sale will be applied first to retire all debts and other obligations of the Stations and second to reimburse Buyer for any amounts expended and paid by Buyer for purchase of equipment and construction of improved facilities for the Stations. Thereafter, forty-five percent (45%) of any remaining cash proceeds of the sale will be paid to Seller within three (3) business days after closing on the future sale.

b. Prior to the sale of the Stations, operating revenues from the Stations will be applied first to pay the current operating expenses of the Stations, second to payment of Seller's debts and other obligations assumed by Buyer, and third to reimburse Buyer for any amounts expended and paid by Buyer for purchase of equipment construction of improved facilities for the Stations. Thereafter Seller will be entitled to forty-five percent (45%) of any remaining revenues in excess of all of Buyer's past and current capital and operating expenditures, to be paid as of the end of each quarter year within twenty (20) business days after the end of the pertinent quarter.

c. In the event of the death of Blair after the Closing hereunder and prior to the occurrence of an event that entitles Seller to payment under Section 2(a) hereof, Seller will have the right to require the party that then holds the FCC license for the Station ("Future Licensee") to sell the Stations, with the proceeds distributed pursuant to Section 2(a) hereof. Seller will have a right of first refusal to purchase the Stations at the same amount and on the same terms and conditions as Future Licensee is willing to accept from another buyer; *provided, however*, that if Future Licensee receives no offer it is willing to accept within six (6) months after Blair's death, then Seller will have the right to purchase both stations together at their fair market value at the time of the transaction. Fair market value will be determined by an appraiser agreed upon by Seller and Future Licensee; and if they fail to agree, then two appraisals from nationally recognized firms (one selected by each party) will be obtained, and the purchase price will be half way between the valuations reported by the appraisers.

d. Buyer will not engage in any activity other than ownership and operation of the Stations until Seller's right to additional compensation under this Section 2 terminates.

e. Buyer will keep written financial records of all income and expenses of the Stations, in reasonable form based on commonly used accounting principles. Seller will

have the right to inspect and to copy such books, at Seller's expense, to verify amounts due to Seller under Sections 2(a) and 2(b) hereof.

3. FCC Consent. The parties acknowledge that the Authorizations may not be assigned from Seller to Buyer without the prior consent of the FCC. Seller and Buyer agree to join and cooperate in preparing an application to the FCC for consent to such assignment ("Assignment Application"). Buyer and Seller will equally share any FCC filing fee relating to the Assignment Application. Each party will cooperate in preparing and filing the Assignment Application, which will be filed within five (5) business days after execution of this Agreement. Each party will be solely responsible for all other expenses incurred by it in the negotiation and closing of this Agreement, including, but not limited to, the fees and charges of its own counsel. Both parties will prosecute the Assignment Application in good faith and will not knowingly take any action, or fail to take any action, so as to jeopardize FCC approval of the Assignment Application, except pursuant to its right of termination under this Agreement. This Section 3 will not be construed as requiring the Seller or Buyer to take any action, or to incur any expense, to appear at any adjudicatory trial-type hearing, or to petition for reconsideration of or to appeal denial of the Assignment Application by the FCC; but Seller will cooperate with Buyer in any appeal or petition for reconsideration, provided that Buyer pays Seller's reasonable costs of doing so if the need for such filing is not due to the fault of Seller.

4. Termination. This Agreement may be terminated at any time by mutual consent of the parties and may also be terminated by one party by written notice to the other party, if the terminating party is not then in material breach of any provision of this Agreement, upon the occurrence of any of the following:

a. If the FCC designates the Assignment Application or any other application pertaining to the Station for hearing at any time for any reason, or if the FCC has not granted the Assignment Application by twelve (12) months after the date of this Agreement, then either party may dismiss the Assignment Application and terminate this Agreement without liability to the other. Effective upon such dismissal, the obligations to acquire and assign the Authorizations will cease, and neither party will have any further liability or obligation to the other, except as provided in Section 4(e) hereof.

b. If the currently outstanding construction permit for either Station lapses or becomes void at any time for any reason prior to the Closing, Buyer may terminate this Agreement. Termination by Buyer under this Section 4(b) will not be deemed a breach of this Agreement.

c. If the Closing has not occurred on or before the end of eighteen (18) months after the date of this Agreement, either party not then in default may terminate this Agreement without further liability to the other.

d. If either party is declared bankrupt or becomes subject to a voluntary or involuntary state or federal bankruptcy or receivership proceeding that is not discharged without a declaration of bankruptcy within sixty (60) days after it is commenced, then the

other party may terminate this Agreement without prejudice to any claims it may have against the bankrupt party for breach hereof.

e. In the event of material breach of this Agreement by one party, the other party may terminate this Agreement, but only after providing written notice of the claimed breach and allowing a period of thirty (30) days for such breach to be cured in all material respects.

f. If Blair dies prior to closing hereunder, Buyer may terminate this Agreement with no further obligation to Seller other than the obligation to sell equipment under Section 4(g) hereof.

g. If termination under this Section 4 is by Buyer, Seller will have the option to purchase any equipment provided by Buyer for operation of the Stations prior to Closing. If termination is by Seller, Seller will be obligated to purchase all such equipment and to make full payment therefor within thirty (30) days after the effective date of termination, *provided, however*, that if termination is by Seller and Seller within 30 days files an application or applications with the FCC to sell both stations to an unaffiliated party (defined as an entity in which Robert E. Kelly owns less than a majority of either of equity or voting control), payment for the equipment will be due on the earlier of the closing date of such sale or one hundred twenty (120) days after the effective date of termination of this Agreement . If Seller purchases equipment provided by Buyer under this Section 4(e), the purchase price will be the actual cash amount expended by Buyer for the purchase and installation of said equipment unless Seller offers a lower price.

5. Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows:

a. It holds the following Authorizations:

(i) Call Sign:	WWTD-LP
FCC Facility ID:	56825
<u>License</u>	
Community of License:	Annapolis, MD
Channel:	63
File No.:	BRTTL-20040518ACW
Expires:	October 1, 2012
<u>Construction Permit</u>	
Community of License:	Washington, DC
Channel:	49
File No.:	BPTTL-20020628ACC
Expires:	February 27, 2007

(ii) Call Sign:	W61BY
FCC Facility ID:	56826
<u>License</u>	
Community of License:	Annapolis, MD
Channel:	61
File No.:	BRTTL-20040518ABD
Expires:	October 1, 2012
<u>Construction Permit</u>	
Community of License:	Crofton, MD
Channel:	31
File No.:	BPTTL-20020701ABJ
Expires:	September 8, 2007

b. There is no lien or encumbrance of any kind on any of the authorizations, and there will be no lien or encumbrance at the time of the Closing. The Authorizations are not subject to any FCC inquiry or investigation to Seller's knowledge. Seller will promptly notify Buyer if any such inquiry or investigation is commenced or, to Seller's knowledge, threatened.

c. Seller knows of no reason why it is not qualified to assign the Authorizations to Buyer (subject to the Stations resuming operation); and its performance under this Agreement will not contravene any contract or governmental order to which it, the Authorizations, or the Stations is or are subject.

d. Seller is a duly formed corporation in good standing in its state of incorporation and has taken all requisite corporate action to enter into this Agreement. This Agreement is duly executed and delivered and is enforceable against Seller according to its terms.

e. No bulk sales law applies to the transactions contemplated herein. If any such law does apply, Seller will indemnify and hold Buyer harmless from any failure by Seller to comply with such law; and in light of such indemnification, Buyer will not insist on compliance by Seller.

f. Seller will not voluntarily do or omit to do anything prior to the Closing Date to cause any of the Authorizations to be cancelled or modified by the FCC, except as may be requested by Buyer; and Buyer will apply for any necessary extensions of authority to remain silent in a timely and sufficient manner.

g. True and correct copies of the licenses, renewal certificates, and construction permits for the Stations are attached hereto as Schedule 5(g).

h. Both of the Stations on the air and are operating in compliance in all material respects with the terms and conditions of their FCC licenses and all governmental laws and

regulations applicable to the Stations, including operating at least at 90% of authorized effective radiated power at the authorized location and antenna height.

6. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as follows:

a. Buyer's performance under this Agreement will not contravene any contract or governmental order to which it is subject; Buyer will have completed its corporate formation and will be in good standing in its state of incorporation prior to the Closing; all necessary corporate action will be taken after completion of Buyer's formation to authorize execution and performance of this Agreement; and this Agreement is duly executed and delivered and will be enforceable against Buyer according to its terms. Blair will be Buyer's sole or majority shareholder, has approved the transactions contemplated by this Agreement, and will vote his shares to authorize Buyer to commit to and to consummate said transactions.

b. Buyer knows of no reason why it is not legally, financially, technically, and otherwise fully qualified to become the holder of the Authorizations and to fulfill its obligations under a time brokerage agreement to be entered into by Seller and Buyer.

7. Closing.

a. Time and Place. The Closing will be held not later than fifteen (15) days after an FCC action granting the Assignment Application has become effective, *provided, however*, if any problem has arisen which may reasonably cause concern to Buyer that the FCC grant of the Assignment Application may be rescinded or reversed, then at the sole discretion of Buyer, the closing will be postponed until such time as the grant of the Assignment Application becomes a "Final Order," in the sense that it is effective and beyond administrative review or appeal and no review or appeal action is pending. Closing will be held at a time and place mutually agreeable to the parties, and in the absence of agreement, at the offices of Irwin, Campbell & Tannenwald, P.C., 1730 Rhode Island Avenue, N.W., Suite 200, Washington, DC, 20036-3120. If feasible and practical, closing will be held by mail, courier, and/or facsimile, without personal appearance by the parties.

b. Performance. At the Closing:

(1) Seller will assign, convey, and deliver to Buyer or its assignee all of the Authorizations and any other governmental authorizations associated with the Stations, free and clear of any lien or encumbrance, and will execute any documents required to do so.

(2) Seller will deliver to Buyer certified copies of corporate resolutions demonstrating approval of the transaction by Seller's board of directors and shareholders.

(3) Buyer will deliver the Purchase Price to Seller in cash or by check.

(4) Buyer and Seller will execute any documents required to vest in Buyer any and all of Seller's right and interest in any transmitter site leases held by Seller to be assumed by Buyer, if said documents have not been executed prior to closing under the time brokerage agreement.

(5) Any time brokerage agreement between the parties and pertaining to the Stations will terminate.

(6) Any taxes or fees payable on the consummation of the transactions at closing will be divided equally between Seller and Buyer.

8. Specific Performance. The parties acknowledge the unique value of the Authorizations to Buyer and agree that Buyer may seek an order of specific performance from a court of competent jurisdiction to compel Seller's performance under this Agreement.

9. Conditions Precedent. The following are conditions precedent to the parties' obligations to proceed at the Closing:

a. Buyer's obligation to proceed at the Closing and pay the Purchase Price is conditioned on all of the following:

(1) Seller has complied Sections 7(b)(1), (2), (4), and (5) hereof.

(2) The FCC has granted the Assignment Application with no conditions materially adverse to Buyer; the Authorizations contain no conditions not apparent on their face or in existing in FCC rules and regulations as of the date of this Agreement; and the grant of the Assignment Application is beyond administrative or judicial review with no such proceeding pending (a "Final Order"), if so specified by Buyer.

(3) The Authorizations, as of the closing date, are not the subject of any unresolved governmental inquiry, investigation, complaint, lawsuit, or proceeding to modify except as approved in advance by Buyer.

(4) Neither construction permit will expire earlier than to the date set forth in Sections 5(a)(i) and (ii) above.

(5) The FCC authorization for neither station will have been modified in a manner materially adverse to Buyer. The results of a rule making of general applicability will not be considered an adverse modification.

(6) Buyer will not be required to close on the acquisition of either Station unless Buyer acquires both Stations and all the Authorizations then in effect for both Stations.

(7) If Buyer and Seller enter into a time brokerage agreement involving either or both of the Stations, and the time brokerage agreement remains in effect at the time of the Closing hereunder, Seller will not be in material default under the time brokerage agreement.

(8) There will be no outstanding order of any court with jurisdiction over the parties or this transaction enjoining or forbidding the closing, and no proceeding will be pending seeking such relief.

b. Seller's obligation to proceed at the Closing and assign the Authorizations to Buyer is conditioned on all of the following:

(1) Buyer has complied with Sections 7(b)(3), (4), and (5) hereof.

(2) The FCC has granted the Assignment Application with no FCC conditions materially adverse to Seller.

(3) Seller will not be required to close on the sale of either Station unless Buyer acquires both Stations and all the Authorizations then in effect for both Stations.

(4) If Buyer and Seller enter into a time brokerage agreement involving either or both of the Stations, and the time brokerage agreement remains in effect at the time of the Closing hereunder, Buyer will not be in material default under the time brokerage agreement.

(5) There will be no outstanding order of any court with jurisdiction over the parties or this transaction enjoining or forbidding the closing, and no proceeding will be pending seeking such relief.

10. Control of Station. Prior to Closing, control of the Station will be the sole right and responsibility of Seller, subject only to the terms and conditions of the time brokerage agreement between Seller and Buyer. After Closing, control and operation of the Station will be the sole right and responsibility of the Buyer. Pursuant to Section 73.1150 of the FCC's Rules, the parties hereby certify that after the Closing, Seller will have no reversionary right or interest of any kind in the Authorizations or the Stations and no right to use the Stations or their facilities in any manner. This provision will not impair Seller's right to be paid the Purchase Price out of the proceeds of operation or sale of the Stations as provided in Section 2 hereof.

11. Indemnification. Each party will indemnify and hold the other harmless from and against any loss, damage, liability, claim, demand, judgment or expense, including without limitation reasonable counsel fees and charges, arising out of or sustained by the other party by reason of any material breach of any warranty, representation or agreement of that party contained herein; *provided, however*, that such indemnification will be required only if reasonably timely written notice with respect to any matter for which indemnification is claimed is given. Without limiting the foregoing, Seller will indemnify and hold Buyer harmless from any debt or obligation of Seller or the Stations incurred on or prior to the closing date that is not expressly assumed by Buyer at the closing; and Buyer will indemnify and hold Seller harmless from any debt or obligation of Buyer or any debt or obligation of the Stations incurred after the closing date. An indemnifying party may not settle a claim against an indemnified party unless the settlement includes a general release in favor of the indemnified party.

12. Exclusivity. So long as this Agreement remains in effect, Seller will not discuss the sale of the Authorizations or the Stations with or offer any of the Authorizations or the Stations for sale to any other party. Seller will promptly report receipt of any offer to purchase either Station to Buyer.

13. Notices. Any notices under this Agreement will be effective if given by first class or more rapid class of United States mail, postage prepaid, and evidenced by a postal delivery receipt (certified mail or otherwise), addressed to the parties at the addresses shown below, or such other addresses as either party may specify by written notice to the other from time to time. Notice will be effective three (3) business days after mailing.

If to Seller: Annapolis Broadcasting Company, Inc.
 Attention: Robert E. Kelly, Esq.
 P.O. Box 119
 Annandale, VA 22003-0119

If to Buyer: DC Broadcasting, Inc.
 Attention: Mr. J. Christopher Blair
 4056 W. 107th Court
 Westminster, CO 80031

with a copy to: Irwin, Campbell and Tannenwald, P.C.
 Attention: Peter Tannenwald, Esq.
 1730 Rhode Island Ave., N.W., Suite 200
 Washington, DC 20036-3120

Notice to counsel will not be deemed notice to a party in the absence of notice given directly to that party.

14. Assignment. Neither party may assign any of its rights or obligations hereunder without the prior consent of the other party, except that Buyer may assign its rights and obligations together to any corporation, limited liability company, or partnership which is controlled by J. Christopher Blair and is financially capable of meeting Buyer's obligations to Seller.

15. Successors and Assigns. This Agreement will be binding on, and inure to the benefit of, the heirs, successors, and assigns of each party. No person or entity which is not either a party to this Agreement or the permitted assignee of a party will have any rights under, or be a beneficiary under, any provision of this Agreement.

16. Force Majeure. Neither party will be liable to the other for failure to fulfill its obligations hereunder because of *force majeure*, including but not limited to Acts of God, strikes, war, fire, flood, insurrection, death or debilitating illness, or other matters totally beyond the control of and not involving fault by the defaulting party, or because of judicial or administrative orders of bodies of competent jurisdiction. However, no event of *force majeure* will impair the right of termination under Section 4(c) of this Agreement.

17. Materiality. No default of either party under this Agreement will be cause for termination unless (a) the default is material, and (b) the defaulting party has been given notice and given at least ten (10) days to cure the default and has failed to cure.

18. Waiver. No waiver or forbearance by either party with respect to any of his rights under this Agreement will constitute a waiver or forbearance of any other right or will obligate either party to continue any prior waiver or forbearance in effect.

19. Entire Agreement. This Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof, supersedes any prior written or oral agreements or understandings, and may be amended only in writing executed by the party against which enforcement is sought.

20. Headings. The headings in this Agreement are for the convenience of the parties only and will not affect the substantive provisions of this Agreement.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which will constitute an original with full force and effect and all of which will constitute one and the same Agreement.

22. Choice of Law. This Agreement will be construed to be consistent with the Rules and Regulations, policies, and orders of the FCC. Except where governed by federal law, this Agreement will be construed in accordance with the laws of the State of Virginia applicable to transactions conducted entirely within that state. Both parties waive trial by jury. Any claims for damages will be limited to actual, and not consequential, damages.

23. Severability. If any provision of this Agreement is declared unlawful, invalid, or unenforceable by any competent legal authority, the remainder of this Agreement will remain in effect and will be interpreted to give effect to the maximum extent to the intent of the parties.

24. Further Assurances. The parties will execute and deliver all documents, provide all information, and take, or forbear from taking, all actions that may be necessary or appropriate to achieve the purposes of this Agreement.

FINAL

25. Authority of Signatory. Each individual executing this Agreement represents and warrants that he is authorized to execute this Agreement and legally to bind the party on whose behalf he has signed.

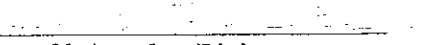
26. Representation by Counsel. Each party to this Agreement has been represented by its own, independent counsel or is headed by a member of the bar with sufficient knowledge of communications transactions to review and to understand this Agreement. Accordingly, in the interpretation of this Agreement, no presumption will arise based on which party or party's counsel drafted the Agreement.

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the date written below.

Annapolis Broadcasting Company, Inc.

DC Broadcasting Company, Inc.

By: 
Robert E. Kelly
President

By: 
J. Christopher Blair
President

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